

Article X. Paramount Petroleum Corporation.

Section 21-140. Nature of grant.

The city hereby grants to Paramount Petroleum Corporation, its successors and assigns, hereinafter referred to as "grantee" subject to the terms and conditions herein contained, the right, franchise and privilege from time to time, for a period of ten years from and after the effective date of Ordinance No. 1069, to install, operate, maintain, replace, change the size, abandon in place and/or remove pipelines for transportation of oil, gas, gasoline, petroleum, wet gas, hydrocarbon substances, water, waste water, mud stream or other substances transportable by pipeline together with all appurtenances and service connections necessary or convenient to properly maintain and operate said pipelines, including cathodic protection facilities for the grantee's business, hereinafter collectively called "franchise property," within the public streets, highways, alleys and other public ways or public property, hereinafter collectively called "streets," of the city, as enumerated and described as follows:

All that portion of Downey Avenue within the limits of the city, bounded on the north by a point in Downey Avenue approximately 350.15 feet south of the center line of Contreras Street, and bounded on the south by the boundary of the City of Bellflower, being approximately 799.28 feet south of the center line of Flower Street. The total length of this pipeline is 7,346.7 linear feet.

(Ord. Nos. 565, 857, 977, 1069)

Sec. 21.141. Duration of franchise.

This franchise shall expire ten years from and after the effective date hereof unless sooner terminated, by ordinance, as herein provided. City reserves the right to terminate this franchise to its expiration date in the event:

- (a) Grantee fails to comply with any provisions hereof; provided, however, that if such failure of compliance shall be due to a cause beyond the reasonable control of grantee, the franchise shall not be so terminated. In the event grantee shall default in the performance of any of the terms, covenants or conditions herein and such default is curable, city shall give written notice to grantee to commence within ten days the work necessary to cure such default, and if grantee fails to comply with such notice, city may terminate this franchise.
- (b) The time within which grantee is obligated to commence, perform or complete any obligation hereunder shall be extended for a period of time equal in duration to, and the commencement, performance or completion in the meantime shall be excused on account of and for and during the period of, any delay caused by strikes, threats of strikes, lockouts, war, threats of war, insurrection, invasion, acts of God, calamities, violent action of the elements, fire, action or regulation or any governmental agency, law or ordinance, impossibility of obtaining materials, or other things beyond the reasonable control of grantee.

The city shall give the grantee ten days notice of any termination proceedings.

(Ord. No. 565)

Sec. 21-142. Construction.

- (a) Location of franchise property. The location of any franchise property installed hereunder shall be first approved by the public works director.
- (b) Quality control. All franchise property installed and maintained hereunder shall be constructed in a good workmanlike manner and in conformity with all ordinances, rules or regulations now or hereafter adopted or prescribed by the city. All pipe lines installed shall conform to applicable U.S.A. Standard Code for Pressure Piping, in its latest revision.
- (c) Street excavations. Grantee shall have the right to make all necessary excavations in the streets for the purposes granted in this franchise, but nothing herein contained shall relieve grantee from the provisions of any ordinance or law that may be in force at the time, requiring permits to be obtained for street excavations before such work is commenced.

All excavations shall be made and refilled in strict compliance with all city ordinances that may be in effect at the time of the performance of the work and shall be so made as not to interfere unreasonably with the free use of the streets by the public.

Upon completion of the work for which street excavations are made, all portions of the streets which have been excavated or otherwise damaged by such excavation work shall be restored to as good condition as they were in before the commencement of such work, to the satisfaction of the public works director.

- (d) Emergency work. The grantee shall promptly repair any leaks or breaks in pipelines and conduits. If any portion of any street shall be damaged by reason of breaks or leaks in any pipe or conduit constructed under this franchise, the grantee shall at its own expense take immediate steps to repair any such damage and restore such street to as good condition as it was before such a break or leak. The repair must be done to the satisfaction of the Public Works Director. Such emergency repair of franchise property may be commenced without prior permit provided that grantee shall notify the Public Works Director and the Los Angeles County Fire Department's Hazardous Materials Division as soon as a break or leak occurs. The grantee must still obtain a permit for emergency repair work no later than the next business day from the day the emergency occurred. The grantee shall promptly remove any contamination from streets and underground soil due to breaks and leaks of grantee's pipelines or conduits. The removal of contamination must be performed to the satisfaction of the Los Angeles County Fire Department's Hazardous Materials Division.
- (e) Changes required by public improvements. If the public works director shall determine that it is reasonable and necessary that franchise property be temporarily disconnected, abandoned, temporarily or permanently relocated or substitute facilities installed, in order that the city when acting in a governmental capacity, may relocate, change grade, construct, use, maintain, change or modify any street improvement or city-owned utility facilities, said public works director shall give notice, in writing, to the grantee. Within thirty days after the service of such notice upon the grantee, the grantee shall at its sole cost and expense begin and diligently prosecute the necessary work to completion. Upon failure to do so, the public works director may cause said work to be completed and the grantee shall immediately pay for the same upon presentation of an itemized account of the cost thereof.

In the event that any franchise property is required to be abandoned in or permanently removed from any street or portion thereof affected, the public works director shall approve such additional street location or locations as may be necessary to permit the installation of substitute facilities.

- (f) Abandonment of franchise property. The public works director, upon such terms and conditions as he may determine, may give grantee permission to abandon, without removing, franchise property installed under the franchise. The length of any pipe line, abandoned with such permission, shall not be considered in calculating payments due under the franchise following the date the public works director or his designated representative has inspected and approved in writing the abandonment work. The ownership of all franchise property so abandoned shall thereafter vest in the city.

(Ord. Nos. 565, 857, 977, 1069)

Sec. 21-143. Maps and records.

Within ninety days following the date in which any franchise property has been installed, relocated, removed or abandoned under this franchise, the grantee shall file a map or maps in such form as may be required by the public works director showing the location, length, and size of all such facilities so installed, relocated, removed, or abandoned.

(Ord. No. 565)

Sec. 21-144. Compensation to the city.

- (a) Annual franchise fee payment. As consideration for the franchise hereby granted, grantee shall pay to the city in lawful money of the United States an annual franchise fee according to the following schedule:

<u>Fiscal Year</u>	<u>Franchise Fee</u>
2014-15	\$ 23,379.26
2015-16	\$ 24,548.22
2016-17	\$ 25,775.63
2017-18	\$ 27,064.42
2018-19	\$ 28,417.64
2019-20	\$ 29,838.52
2020-21	\$ 31,330.44
2021-22	\$ 32,896.97
2022-23	\$ 34,541.81
2023-24	\$ 36,268.91
2024-25	\$ 38,082.35

The grantee of this franchise shall submit payment to the city's Finance Department by March 31 of each year. The grantee shall pay the City of Paramount in lawful money of the United States the aforesaid compensation. Any neglect, omission, or refusal of said grantee to pay said compensation at the time or in the manner hereinbefore provided, which neglect, omission or refusal shall continue more than fifteen (15) days following notice thereof to the grantee by the city, shall be grounds for the declaration of the forfeiture of this franchise and of all rights of the grantee hereunder.

- (b) Acquisition of additional pipeline. Grantee shall notify the city immediately if grantee acquires additional pipeline during the term of this franchise. Any additional pipeline acquired by grantee shall increase grantee's annual franchise fee payment as noted in section (a). The additional franchise fee will be an amount mutually agreed upon by the city and grantee.

(Ord. Nos. 565, 857, 977, 1069)

Sec. 21-145. Insurance and indemnification.

- (a) Indemnification. The grantee, by the acceptances or use of the franchise hereby granted, agrees to keep and save free and harmless the city, its officers, agents, or employees against any and all claims, demands or causes of action which may be asserted, prosecuted or established against them, or any of them, for damage to persons, or property, of whatsoever nature, arising out of the use by it of the city streets hereunder or arising out of any of the operations or activities of the grantee pursuant to this franchise, whether such damages shall be caused by negligence, excepting therefrom, however, any claim, demand or cause of action, which may be asserted, prosecuted or established against the city under the provisions of the Workman's Compensation Act for injury to, or the death of any of the city's officers, agents, or employees while acting within the scope of their employment and further excepting therefrom any claim, demand, or cause of action arising out of the negligence of the city, its officers, agents, and/or employees.
- (b) Avoidance of liability of city. The grantee shall further deposit with the city clerk a certificate of insurance naming the city as additionally insured in connection with this franchise, in the principal amount of at least ten million dollars (\$10,000,000).

(Ord. Nos. 565, 857, 977, 1069)

Sec. 21-146. Assignment.

Grantee shall not permit any right or privilege granted by the franchise to be exercised by another, nor shall the franchise or any interest therein or any right or privilege thereunder by in whole or in part sold, transferred, leased, assigned, or disposed of except to a corporation, merger, or reorganization, or to a subsidiary of grantee, or to any person, firm or corporation without the consent of the city expressed by resolution; provided, however, that the provisions of the franchise shall not require any such consent and no consent shall be required for any transfer by grantee in trust or by way of mortgage or hypothecation covering all or part of grantee's property, which transfer, mortgage or hypothecation shall be for the purpose of securing an indebtedness of grantee or for the purpose of renewing, extending, refunding, retiring, paying or canceling in whole or in part any such indebtedness at any time or from time to time. Any such sale, lease, assignment, or other disposition of this franchise, whether requiring the consent of the city or otherwise, shall be evidenced by a duly executed instrument in writing filed in the office of the city clerk within thirty days after such sale, lease, assignment, or other disposition.

(Ord. No. 565)

Sec. 21-147. Grantee not to operate as common carrier.

The grantee or its successor in interest shall have no right to operate its facilities under this franchise as a common carrier except with the consent of the city granted upon such additional terms and conditions as the city may deem proper.

(Ord. No. 565)

Sec. 21-148. Acceptance.

This franchise is herein extended for a ten-year term and shall be enjoyed only upon the terms and conditions herein contained for a ten-year term commencing with the effective date of this ordinance, and the grantee shall, within 30 days of the adoption of this ordinance extending said franchise, file with the city clerk a written acceptance of such terms and conditions.

(Ord. Nos. 565, 857, 977, 1069)

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